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Securities & Exchange Commission
Division of Corporate Finance
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USA

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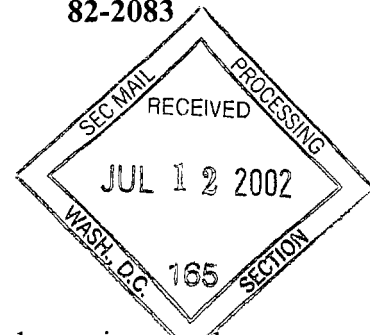
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Incorporated by Royal Charter
with limited liability
Company number Z73

SUPPL

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Dear Sirs

FERRIES CONSOLIDATION PROCEEDS TO PLAN

I enclose a copy of a press release sent to the London Stock Exchange in accordance with our 12g3-2(h) exemption from the Securities Exchange Act of 1934 in connection with our ADR program.

Yours faithfully

Liz Eddington
Company Secretariat

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FERRIES CONSOLIDATION PROCEEDS TO PLAN

Further to P&O's announcements of 23 April and 10 June, P&O and Stena Line have today signed the legal documents for P&O's purchase of Stena Line's 40% of P&O Stena Line. In line with the 23 April announcement, P&O will pay Stena Line £152 million, plus interest up until completion and will repay loan stock of £30 million to Stena Line. The transaction process is proceeding according to plan. Completion is subject to certain conditions, including European Commission clearance.

In respect of the rationalisation of P&O North Sea Ferries, following consultation with the appropriate employee representative bodies, P&O North Sea Ferries has decided to close its operations at Felixstowe on 31 July. An agreement has been signed today under which P&O North Sea Ferries will sell Pride of Flanders, European Freeway and European Tideway to Stena Line for £12 million, with completion on 31 July 2002. The crews of the vessels will also transfer to Stena Line. Stena Line will initially operate a Felixstowe/Europoort service from 1 August until 15 September, when the service will be switched to Harwich/Europoort. P&O North Sea Ferries and Stena Line have also signed an agreement today for P&O North Sea Ferries to continue to handle the port operations in Europoort for Stena Line.

(ends)

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